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ACTION WHA-00

RELEASED IN PART
B1, 1.4(B), 1.4(D)

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
	DODE-00	DOTE-00	SRPP-00	DS-00	EAP-00	EB-00	EXIM-01
	E-00	FAAE-00	FBIE-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	L-00	VCE-00	MMP-00	AC-01	NSAE-00
	OES-01	OMB-01	OPIC-01	PC-01	PM-00	PRS-00	ACE-00
	SCT-00	SP-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-01	EPAE-00	PMB-00	DSCC-00	DRL-02	G-00	NFAT-00
	SAS-00	/012W					

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P 051850Z JUN 01
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 1802
INFO USDOC WASHDC
DEPT OF ENERGY WASHDC
AMEMBASSY LIMA
AMEMBASSY CARACAS
AMEMBASSY QUITO
AMEMBASSY LA PAZ
AMEMBASSY PANAMA
CIA WASHDC
DIA WASHDC
NSC WASHDC
USCINCSO MIAMI FL

AMEMBASSY HANOI

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C O N F I D E N T I A L SECTION 01 OF 02 BOGOTA 005008

STATE FOR WHA/AND, WHA/ESPC
STATE PASS OPIC FOR DMORENESE
STATE PASS EXIMBANK FOR AMERICAS DIVISION
COMMERCE FOR 4331/IEP/OLA/AND/JANGLIN AND FOR
3134/USFCS/IOI/WH/DLUTTER
ENERGY FOR GARY WARD AND ERIKA BENSEN
HANOI FOR BERG

E.O. 12958: DECL: 5/30/06
TAGS: EPET, ENRG, ECON, PTER, CO
SUBJECT: GASOLINE: ANOTHER SOURCE OF ILLEGAL INCOME FOR

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: WILLIAM E LANDFAIR
DATE/CASE ID: 14 JAN 2004 200203418

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ARMED GROUPS

1. (U) CLASSIFIED BY AMB. ANNE W. PATTERSON FOR REASONS 1.5 (B&D).

SUMMARY

2. (C) DURING A MEETING WITH EMBOFFS, MAURICIO BRETON, DIRECTOR OF REFINED PRODUCTS AND HEAD OF THE FUEL THEFT TASK FORCE OF STATE OIL CONCERN ECOPETROL, TOLD US THAT ECOPETROL HAS BEEN LOSING ABOUT 3 PERCENT OF ITS GASOLINE TO THEFT IN THE LAST TWO YEARS (ABOUT USD 74 MILLION.)

B1

END

SUMMARY.

THE NUMBERS

3. (U) ON MAY 29 ECONOFF AND DAO ANALYST MET WITH BRETON TO DISCUSS THE THEFT OF GASOLINE (REGULAR AND DIESEL) FROM PIPELINES IN COLOMBIA. THE STATISTICS BRETON PRESENTED SHOW A STEEP INCREASE IN FUEL THEFT SINCE 1997, FROM 0.1 PERCENT OF FUEL PUMPED TO 3.1 PERCENT IN THE FIRST THIRD OF 2001. HISTORICALLY, THE MAJORITY OF THE THEFTS ARE CONCENTRATED ALONG TWO DISTRIBUTION LINES: GALAN-SALGAR (FROM THE REFINERY IN BARRANCABERMEJA TO THE MAIN DISTRIBUTION POINT IN PUERTO SALGAR) AND POZOS-GALAN (A LINE FOR IMPORTED GASOLINE RUNNING FROM THE PORT IN SANTA MARTA TO BARRANCABERMEJA). SINCE FEBRUARY 2001 ECOPETROL SHUT DOWN POZOS-GALAN AS COLOMBIA DID NOT NEED FURTHER IMPORTS OF GASOLINE, SO ALL THE THEFTS THIS YEAR HAVE BEEN CONCENTRATED ON GALAN-SALGAR.

4. (SBU) IN 2000 ECOPETROL LOST NEARLY 2 MILLION BARRELS OF FUEL TO THEFT, 3 PERCENT OF THE TOTAL VOLUME OF 66.5 MILLION BARRELS. THIS REPRESENTED A LOSS OF

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USD 74 MILLION OUT OF AN ANNUAL GASOLINE INCOME OF USD
2 BILLION. IN THE FIRST FOUR MONTHS OF 2001 ECOPETROL
LOST 440K BARRELS, OR 3.1 PERCENT OF THE 15 MILLION
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PUMPED, AT A COST SO FAR OF USD 16 MILLION. ACCORDING
TO BRETON, IF THE THEFTS CONTINUE AT THIS RATE
ECOPETROL WILL LOSE 3.5 PERCENT OF ITS GASOLINE IN THE
2001. IN BRETON'S OPINION THIS LOST INCOME IS
PARTICULARLY WORRISOME TO ECOPETROL (AND BY EXTENSION
TO THE GOC BUDGET) WHEN COMBINED WITH THE USD 77
MILLION IN POTENTIAL PROFITS LOST ANNUALLY DUE TO
GASOLINE PRICE SUBSIDIES.

WHO IS STEALING

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ACTION WHA-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CTME-00	INL-00	DINT-00
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	OES-01	OMB-01	OPIC-01	PC-01	PM-00	PRS-00	ACE-00
	SCT-00	SP-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
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	SAS-00	/012W					

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ARMED GROUPS

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TRYING TO STOP IT

6. (SBU) AS PART OF ITS EFFORTS TO COMBAT THE THEFT,

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ECOPETROL HAS INSTALLED METERS WHICH DETECT CHANGES IN
PRESSURE ALONG A PIPELINE CAUSED BY TAPPING. BUT
ECOPETROL MUST RELY ON THE POLICE AND THE MILITARY TO
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RESPOND TO THE DETECTED TAPINGS, RESPONSE TIME IS SLOW
AND THEREFORE FEW CRIMINALS ARE CAUGHT IN THE ACT.
EVEN IF ROBBERS ARE CAUGHT IN THE ACT, HOWEVER, THE
CURRENT PENALTIES ARE NOT TOUGH ENOUGH FOR EFFECTIVE
DETERRENCE. ECOPETROL IS WORKING WITH THE COLOMBIAN
CONGRESS TO CREATE STIFFER PENALTIES BY ALLOWING
PROSECUTORS TO BUNDLE TOGETHER CHARGES SUCH AS
ENVIRONMENTAL DAMAGE AND ILLEGAL USE OF GOVERNMENT
PROPERTY WITH THEFT, THEREBY CREATING HIGHER PENALTIES.
ECOPETROL NOW MARKS ALL GASOLINE AND DIESEL LEGALLY
SOLD BY USING DYES AND FLUORESCENT CHEMICALS, MAKING IT
EASY TO IDENTIFY LEGAL GAS IN STATIONS AND ON TRUCKS.
THE ECOPETROL THEFT TASK FORCE IS ALSO ACTIVELY
CONSULTING WITH INTERNATIONAL OIL COMPANIES TO FIND THE
MOST EFFECTIVE COUNTER-THEFT TECHNOLOGY CURRENTLY
AVAILABLE.

COMMENT

7. (C) GASOLINE THEFT IS CONSIDERED A SOURCE OF EASY
PROFITS FOR ILLEGALLY ARMED GROUPS. THE EASE OF THE
THEFT AND THE LACK OF EFFECTIVE COUNTERMEASURES MAKE
THIS ONE MORE SECURITY SITUATION DETERRING POTENTIAL
REFINING INVESTORS FROM ENTERING THE COLOMBIAN MARKET;
ALTHOUGH THERE IS ONE PRIVATE REFINERY CURRENTLY UNDER
CONSTRUCTION. MORE WORRISOME FOR THE GOC BUDGET IS THE
EFFECT THE FINANCIAL LOSSES, COMBINED WITH THE SUBSIDY
OF GAS PRICES CAN HAVE ON OVERALL ECOPETROL PROFITS.
IN A YEAR WHEN OCCIDENTAL PETROLEUM HAS NOT PUMPED A
BARREL OF CRUDE SINCE FEBRUARY 1, USD 140 MILLION IN
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LOST PROFITS CAN HAVE SERIOUS EFFECTS ON ECOPETROL'S
BUDGET. HISTORICALLY GASOLINE SIPHONING HAS BEEN
LARGELY CARRIED OUT BY THE ELN GUERRILLA GROUP. THAT
THE PARAMILITARIES ARE NOW THE PRINCIPAL ACTORS
REFLECTS THEIR INCREASING CONTROL OF THE
BARRANCABERMEJA AREA, FORMERLY AN ELN STRONGHOLD.

8. (C) DAO COMMENT:

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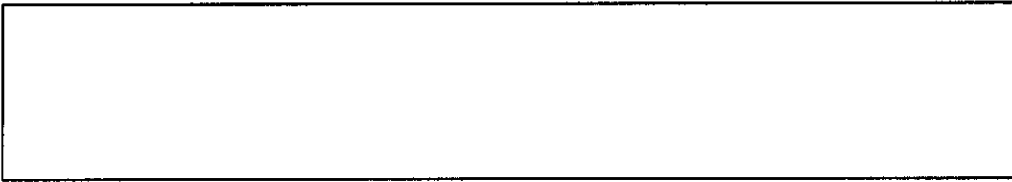
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